

[By Chris Garofolo](#)

U.S. Rep. Peter Welch announced new legislation Monday to provide tax relief for Vermonters affected by Tropical Storm Irene.

Welch, D-Vt., has proposed a resolution to create three tax relief provisions for eligible Vermonters following the Aug. 28 storm, causing an estimated \$1 billion worth of damage.

"We're going to be facing the aftermath of Irene for a long time and much of the focus is on disaster relief funding to rebuild our infrastructure and that's as it should be. But there are individual situations that need attention, including for low-income Vermonters," Welch said. "Disaster assistance can't be one size fits all, it's not all about roads and bridges. That's obviously of vital importance here in Vermont, but it's families in different circumstances, or it's farmers, and disaster assistance should be flexible enough to meet the related damages."

Similar relief programs were provided to Hurricane Katrina victims in the Gulf Coast in August 2005.

Welch's measure allows displaced families (or Vermonters who had their work disrupted by the disaster) to calculate their Earned Income Tax Credit (EITC) and refundable Child Tax Credits (CTC) by using their earned income from the previous taxable year.

"Families that lose a job often lose the earned income tax credit that helps them a great deal and what we're going to allow with this legislation is Irene victims who lost their job can apply for the credit on the basis of last year's income," Welch said. "We don't know how many families that will be, but about 45,000 Vermonters do receive that credit."

In order to qualify for these tax credits, individuals must have earned income. In cases where individuals are out of work due to Irene, they will be able to use their prior year's earned income to calculate the tax credit so they will remain eligible for these credits.

More than 46,300 Vermonters claimed the EITC and 45,811 claimed the CTC in 2009.

The Vermont Democrat's legislation also removes limitations on personal casualty losses attributable to Irene.

Taxpayers currently deduct personal casualty losses only if each loss exceeds \$100 and the net losses exceed 10 percent of a taxpayers adjusted gross income. Both provisions are suspended under Welch's bill.

Additionally, the bill allows a \$500 exemption for Vermonters who open their homes to individuals displaced by Irene.

"This will be a small help for families in Vermont in a very tough situation that will linger for quite a while for them," he said. "I can't really predict when and how [the legislation will move forward] ... I would see this becoming part of an overall appropriations bill, that's likely where we'd succeed or fail."

Welch is the founder of the House Hurricane Irene Coalition, a bipartisan group of over 50 lawmakers whose districts were affected by Irene.

"Irene was a once-in-a-century storm," Welch said. "Many families and businesses already struggling in a tough economy were devastated. As they work to get back on their feet, this common sense tax relief will provide critical help to those who - through no fault of their own - were caught on the bad end of a bad storm."